

# CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Southern Illinois Bancorp, Inc.

Point of Contact:	Alvin Fritschle	RSSD: (For Bank Holding Companies)	1098929
UST Sequence Number:	491	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	5,000,000	FDIC Certificate Number: (For Depository Institutions)	3777
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	January 23, 2009	City:	Carmi
Date Repaid <sup>1</sup> :	N/A	State:	Illinois

<sup>1</sup>If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

**What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).**

**X Increase lending or reduce lending less than otherwise would have occurred.**

During calendar year 2010, the bank increased its total loan portfolio by \$19 million to \$197 million. The total increase since receiving the TARP Capital is \$28 million or nearly a 6 to 1 leverage of the TARP investment. We would not have been able to maintain our capital ratios without the TARP capital.

**X To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).**

During the past year the small business loan portfolio increased by \$8 million, the multi-family residential real estate loans increased by \$10 million, residential real estate increased by \$3 million, and farm real estate increased by \$3 million. Commercial real estate declined by \$6 million.

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☐ Increase securities purchased (ABS, MBS, etc.).

☐ Make other investments.

☐ Increase reserves for non-performing assets.

☐ Reduce borrowings.

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☐ Increase charge-offs.

☐ Purchase another financial institution or purchase assets from another financial institution.

☐ Held as non-leveraged increase to total capital.

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### What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

We are not a problem bank burdened by problem loans. Our past due loans have average approximately one half of one percent over the past six months and our internally classified loans are approximately one half of the average for our peer group banks. Over the past two years our deposit base has increased significantly and has put pressure on our capital ratios. Without the TARP Capital we would have had to restrict the growth of our bank to maintain adequate capital ratios and would therefore also have had to restrict our lending.

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### What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

We are not a problem bank burdened by problem loans. Our past due loans have average approximately one half of one percent over the past six months and our internally classified loans are approximately one half of the average for our peer group banks. Over the past two years our deposit base has increased significantly and has put pressure on our capital ratios. Without the TARP Capital we would have had to restrict the growth of our bank to maintain adequate capital ratios and would therefore also have had to restrict our lending.

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Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.